

Message Text

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SUBJECT: ASSESSMENT OF STEEL MARKET CONDITIONS

REF: STATE 095936

AS REQUESTED REFTTEL, ASSESSMENT OF 1975 STEEL MARKET CONDITIONS
FOR MEXICO OUTLINED BELOW:

A. CURRENT RAW STEEL AND FINISHED PRODUCT PRODUCTION,
CAPACITY UTILIZATION AND PROJECTED OUTPUT FOR 1975

STEEL INGOTS -- CURRENT PRODUCTION (METRIC TONS)

	1974	1975	1975/1974	
JANUARY		434,749	418,886	
FEBRUARY		401,952	410,386	
MARCH		441,212	463,805	
QUARTERLY TOTAL		1,277,914	1,293,077	1.2 PCT

STEEL INGOTS -- ANNUAL PRODUCTION (METRIC TONS)

1973	4,759,861
1974	5,133,189
1975 (PROJECTED)	5,550,000

FINISHED PRODUCTS -- CURRENT PRODUCTION

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JANUARY-FEBRUARY CUMULATIVE TOTAL

(METRIC TONS)

	PERCENT			
	1974	1975	1975/1974	
FLATS				
PLATS		97,355	104,914	7.8
HOT AND COLD ROLLED				
SHEET		213,967	204,637	-2.6
TIN PLATE		31,835	32,008	0.5
TOTAL FLATS		343,157	341,559	-0.5
NON-FLATS				
WIRE ROD		67,035	64,987	-3.1
HEAVY BARS AND				
COMMERCIAL SHAPES			66,092	59,558 -9.9
STRUCTURAL SHAPES			36,543	22,518 -38.4
CORRUGATED ROD				
OR BAR		119,007	158,642	PL33.3
TOTAL NON-FLATS			288,677	305,705 5.6
TUBING		32,319	34,512	6.8
TOTAL		664,153	681,776	2.5

FINISHED PRODUCTS -- ANNUAL PRODUCTION
(METRIC TONS)

	PERCENT			
	1973	1974	1974/1973	
FLATS				
PLATE		585,750	656,128	12.0
HOT AND COLD ROLLED				
SHEET		1,166,337	1,253,432	7.5
TIN PLATE		178,585	198,276	11.0
TOTAL FLATS		1,930,672	2,107,836	9.2
NON-FLATS				
WIRE ROD		376,189	399,742	6.3
HEAVY BARS AND				
COMMERCIAL SHAPES			339,211	407,829 20.2
STRUCTURAL SHAPES			170,540	196,033 14.9
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CORRUGATED ROD				
OR BAR		752,370	804,242	6.9
TOTAL NON-FLATS		1,638,310	1,807,846	10.3

INSTALLED CAPACITY FOR 1975 IS ESTIMATED AT 6.3 MILLION
METRIC TONS (MMT) WITH UTILIZATION REACHING 87 PERCENT
COMPARED TO 81 PERCENT UTILIZATION IN 1974. STEEL
PRODUCTION FOR 1975 ESTIMATED AT 5.5. MMT.

B. CURRENT AND PROJECTED STEEL CONSUMPTION, INCLUDING DOMESTIC AND EXPORT DEMAND: DEMAND FOR STEEL IN MEXICO CONTINUES TO EXCEED CURRENT DOMESTIC PRODUCTION. STEEL CONSUMPTION IS EXPECTED TO REACH 6.1 MMT IN 1975 CREATING A DEFICI OF .6 TO .8 MMT. IMPORTS WILL BE NECESSARY TO SATISFY DEMAND. STEEL EXPORTS WERE NEGLIGIBLE IN 1974 AND WILL REMAIN SCANTY IN 1975. IT IS UNLIKELY THAT MEXICO WILL EXPORT SIGNIFICANT QUANTITIES OF STEEL UNTIL MID-1977 WHEN NATIONAL PRODUCTION IS ESTIMATED AT 8.2 MMT CONSUMPTION AT 7.2 MMT AND INSTALLED CAPACITY AT 10.5 MMT. BY 1980, AN ESTIMATED 2.0 MMT ANNUALLY WILL BE AVAILABLE FOR EXPORT.

C. CURRENT INVENTORY LEVELS: ALTHOUGH DATA ON INVENTORY LEVELS ARE UNAVAILABLE, PRESENT LEVELS ARE THOUGHT TO BE QUITE LOW.

D. ANTICIPATED VOLUME OF EXPORTS TO U.S. AND REVIEW OF STEEL EXPORT PRICE TRENDS: AS NOTED IN B, STEEL EXPORTS WILL BE SPARSE OR NONEXISTENT IN 1975. ALTHOUGH MEXICO ATTEMPTED TO EXPORT SOME SPECIAL STEELS TO U.S. (PRIMARILY VALVES, TOOLS AND AUTO PARTS) IN 1972-73, INCREASING DOMESTIC CONSUMPTION (29 PERCENT 1973 OVER 1972) FORECLOED THIS ACTIVITY. MEXICAN IMPORTS OF SPECIAL STEELS IN 1973 JUMPED 36.8 PERCENT OVER 1972 LEVELS. WIRE ACCOUNTED FOR BULK OF THESE IMPORTS. MEXICO HAS NO CURRENT EXPORT PRICING POLICY FOR STEEL. JOVA

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